

FISCAL NOTE

HB 3004 - SB 3155

February 27, 2002

SUMMARY OF BILL:

- Expands the sales tax exemption on motor vehicles sold in Tennessee if such vehicle is registered in this state in accordance with provisions of Title 55 and such vehicle is sold to a member of the armed forces, who is assigned, or stationed, under orders of such member's branch of service to a location within, or partially within, the boundary of Tennessee. Under current law, members of the armed forces who are stationed at specific installations in Tennessee are exempt from paying the sales tax on a motor vehicle purchase in Tennessee.
- Removes a provision in the existing statute that makes Tennessee's exemption dependent on Kentucky having a similar exemption in place.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$100,000

Decrease Local Govt. Revenues - Exceeds \$5,000

Estimate assumes:

- The total decrease in state revenues cannot be determined but is estimated to exceed \$100,000.
- The total decrease in local government revenues cannot be determined but is estimated to exceed \$5,000.
- Average price of \$12,000 (New and Used) per vehicle sold.
- State sales tax revenue of \$720 generated per vehicle sold.
- Local sales tax cap of \$38 (average local rate of 2.4% local option sales tax applied to the first \$1,600 of vehicle purchase price).

For information purposes, based on information provided by the Department of Revenue, there are approximately 2,679 active duty personnel stationed in Tennessee.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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